Appendix 4D & Half Yearly Report

FOR THE HALF-YEAR ENDED
31 DECEMBER 2019

APPENDIX 4D

REPORTING PERIOD	**Half-Year Ended 31 December 2019**
PREVIOUS CORRESPONDING PERIOD	**Half-Year Ended 31 December 2018**

HALF-YEAR INFORMATION TO THE ASX UNDER LISTING RULE 4.2A

CONTENTS

APPENDIX 4D

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Up/Down			$'000
Revenue from ordinary activities	Up	30.4%	to	258,889
Profit/(loss) from ordinary activities after income tax attributable to members	Up	15.6%	to	4,659
Net profit/(loss) for the period attributable to members	Down	(235.3%)	to	(3,594)

DIVIDENDS PER SHARE

	Amount per share		Franked amount per share at 100% tax	
Final - FY 2019	0.5	cents	0.5	cents
Interim - FY 2020	0.5	cents	0.5	cents

Record date for determining entitlements to dividends	**27 March 2020**
Payment date of dividend	**24 April 2020**
Total dividend payable	**$ 2,158,000**

The company's Dividend Reinvestment Plan is in operation for this dividend. Holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares will be allotted or transferred under the DRP for a price which is equal to the arithmetic average of the daily volume weighted average market price (rounded to the nearest whole cent) of all fully paid shares of that class sold on the ASX (excluding special crossings and other categories reasonably determined by the Director's as distorting the fair market value of the above shares) during the ten trading days commencing on the second trading day following the relevant Record Date, determined by reference to such informatoin as the Director's approve for the purpose from time to time.

None of this dividend is foreign sourced.

REVIEW OF OPERATIONS

A summary of the consolidated revenues and results by significant industry segment is set out below:

Operating Cash Flow

Operating cash in-flow during the period totalled $5.483 million (prior corresponding period (pcp): $3.085 million in-flow). Net operating cash in-flow was positively uplifted through buoyant OMMA HFC volumes and improvements in underlying aged cash collections. This was partially offset from cash outflows associated with the closure of the HVAC Build operations in New South Wales and Victoria and OSR payments in certain states.

Balance Sheet & Funding

The net cash position (excluding right of use liabilities) at 31 December 2019 was $15.126 million compared to a net cash position of $16.268 million at 30 June 2019. Net tangible assets (including right of use assets) increased by $1.623 million in the six month period to 31 December 2019.

BSA | Connect

The BSA | Connect business unit revenue was $150.777 million, an increase of $33.114 million compared to the prior corresponding period of $117.663 million. This uplift was largely due to the nbn accelerated OMMA HFC volumes and expanded network maintenance service areas. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the first half of $11.654 million was higher compared to the prior corresponding period of $8.638 million largely due to the realisation of strategic investments actioned to expand workforce capability.

BSA | Maintain

The BSA | Maintain business unit achieved a higher first half revenue of $59.607 million compared with $49.740 million for the prior corresponding period due to growth in the existing customer portfolio and new contracts secured and mobilised over the course of the period.

EBITDA in the first half totalled $0.915 million compared with $1.838 million for the prior corresponding period reflecting significant investment into operating model and regional expansion.

BSA | Fire Build

The BSA | Fire Build business unit delivered increased first half revenue of $48.505 million compared with $31.105 million for the prior corresponding period. BSA | Fire Build had an EBITDA profit of $3.906 million compared to $2.299 million for the prior corresponding period.

This report is based on the condensed consolidated half-year financial statements which have been reviewed by Deloitte Touche Tohmatsu, with the Independent Auditor's Review Report included in the condensed consolidated half-year financial statements.

2. NET TANGIBLE ASSETS PER ORDINARY SHARE (NTA backing)

	Current Period	Previous corresponding period
Net tangible assets per ordinary share [1]	2.86 cents	3.21 cents

[1] Excluding right of use assets, current period net tangible assets per ordinary share equals 0.15 cents.

3. DETAILS OF CONTROLLED ENTITIES

3.1 Control Gained Over Entities During the Period

Name of Entity	N/A
Date control acquired, i.e. date from which profit/(loss) has been calculated.	-
Profit/(loss) from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) during the current period since the date on which control was acquired.	-
Profit/(loss) from ordinary activities after extraordinary items and income tax of the controlled entity (or group of entities) for the whole of the previous corresponding period.	-

3.2 Loss of Control of Entities During the Period

Nil

4. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

4.1 Equity Accounted Associates and Joint Venture Entities

	% Ownership Interest	
	Current Period %	Previous corresponding period %
Triple M and Premier Fire JV Co Limited	50%	50%
BSAF Joint Venture	0%	50%

4.2 Aggregate Share of Profits/(Losses) of Associates and Joint Venture Entities

	Current Period $'000	Previous corresponding period $'000
Group's Share of Associates and Joint Venture Entities:		
Profit / (loss) before income tax	(4)	172
Income tax benifit / (expense)	1	(51)
Net profit / (loss)	(3)	121
Adjustments	3	-
Share of net profit / (loss) of associates and joint venture entities	-	121

5. DIVIDENDS

5.1 Dividends per Share

	Current Period $'000	Previous corresponding period $'000
(a) Ordinary Shares		
A final dividend of 0.5 cents per fully paid ordinary share fully franked (2018: 0.5 cents) based on tax at 30%, was paid on 4 November 2019.	2,118	2,118
(b) Dividends not recognised at the end of the current period		
The directors have declared the payment of an interim dividend of 0.5 cents per fully paid ordinary share, fully franked at 30%, for the current financial year (2018: Nil).	2,152	Nil

5.2 Dividend Reinvestment Plan (DRP)

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares will be allotted or transferred under the DRP for a price which is equal to the arithmetic average of the daily volume weighted average market price (rounded to the nearest whole cent) of all fully paid shares of that class sold on the ASX (excluding special crossings and other categories reasonably determined by the Directors as distorting the fair market value of the shares) during the ten trading days commencing on the second trading day following the relevant Record Date, determined by reference to such information as the Directors approve for the purpose from time to time.

The DRP operated in respect of the half year ended 31 December 2019 distribution.

6. ACCOUNTING STANDARDS

AASB Standards, other AASB authoritative pronouncements and Interpretations have been used in compiling the information contained in this Appendix 4D.

HALF-YEAR REPORT

For the Half-Year Ended 31 December 2019

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This Half-Year Report covers the consolidated entity consisting of BSA Limited and its subsidiaries. The Financial Report is presented in the Australian currency.

BSA Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

BSA Limited
Level 7, 3 Thomas Holt Drive
Macquarie Park NSW 2113

This interim financial report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2019 and any public announcements made by BSA Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Half-Year Report was authorised for issue by the Directors on 25 February 2020.

BSA LIMITED AND ITS
CONTROLLED ENTITIES DIRECTORS' REPORT

The Directors of BSA Limited submit herewith the Financial Report of BSA Limited and its subsidiaries (the Group) for the half-year ended 31 December 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report is set out below:

The names of the Directors of the Company during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Michael Givoni	Mr Paul Teisseire
Mr Nicholas Yates	Mr Graeme Barclay (resigned 15 December 2019)
Mr Mark Lowe	Mr Chris Halios-Lewis (appointed 2 September 2019)
Mr David Prescott	

REVIEW OF OPERATIONS

Operating Cash Flow

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Auditor's Independence Declaration

A copy of the independence declaration by the lead auditor under section 307C is included on page 8.

Rounding of Amounts

The company satisfies the requirements of ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to "rounding off" of amounts in the Directors' Report and the Financial Report to the nearest thousand dollars. Amounts have been rounded off in the Directors' Report and Financial Report in accordance with that Instrument.

This report is made in accordance with a resolution of the Directors made pursuant to s.306(3) of the Corporations Act 2001 and is signed for and on behalf of the Directors by:

Michael Givoni
Chairman

Nicholas Yates
Managing Director &
Chief Executive Officer

25 February 2020

Disclosing Non-IFRS Financial Information

The Directors consider EBITDA a key measure of performance for the Group and is used by a range of stakeholders. In accordance with ASIC Regulatory Guidance on the disclosure of non-IFRS information, below is a reconciliation of statutory profit to EBITDA and Underlying EBITDA.

	H1 FY20 A$'000	H1 FY19 A$'000
Profit /(loss) for the period from continuing operations	4,659	4,029
Add back:		
Income tax expense	2,320	1,806
Finance costs	683	349
Depreciation	2,694	2,757
Amortisation expense	2,455	337
EBITDA	**12,811**	**9,278**

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The Board of Directors
BSA Limited
Level 7, 3 Thomas Holt Drive
Macquarie Park, NSW, 2113

25 February 2020

Dear Directors,

Auditor's Independence Declaration to BSA Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of BSA Limited.

As lead audit partner for the review of the half-year financial report of BSA Limited for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Half-Year Ended 31 December 2019

		Consolidated Entity	
		Half Year Ended	
	Note	31 December 2019	31 December 2018
		$'000	$'000
Revenue	3	258,889	198,512
Other Income		207	95
Share of profits of joint venture		-	16
Changes in inventories of finished goods and work in progress		699	198
Subcontractors and raw materials used		(198,066)	(147,061)
Employee benefits expense		(30,141)	(26,094)
Depreciation and amortisation expenses		(5,149)	(3,094)
Finance costs		(683)	(349)
Occupancy expense		(136)	(2,308)
Other expenses		(18,641)	(14,080)
Profit from continuing operations, before tax		6,979	5,835
Income tax expense		(2,320)	(1,806)
Profit for the period from continuing operations, after tax		**4,659**	**4,029**
Discontinued Operations			
Loss from discontinued operations, after tax	4	(8,253)	(1,373)
Other comprehensive income for the period (net of tax)		-	-
Total comprehensive Income		**(3,594)**	**2,656**

		Cents	**Cents**
Basic earnings per share - continuing operations	5	1.084	0.948
Diluted earnings per share - continuing operations	5	1.079	0.944

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

		Consolidated Entity	
	Note	**31 December 2019**	**30 June 2019**
		$'000	**$'000**
CURRENT ASSETS			
Cash and cash equivalents		20,000	21,941
Trade and other receivables		57,781	58,963
Contract assets		14,232	12,835
Inventories		2,010	1,311
Assets held for sale		-	17,414
Total Current Assets		**94,023**	**112,464**
NON-CURRENT ASSETS			
Trade and other receivables		141	432
Property, plant and equipment [1]		28,160	16,337
Deferred tax assets		7,061	8,982
Goodwill		11,185	11,185
Intangible assets		770	1,066
Total Non-Current Assets		**47,317**	**38,002**
TOTAL ASSETS		**141,340**	**150,466**
CURRENT LIABILITIES			
Trade and other payables		44,323	62,873
Contract liabilities		27,750	14,092
Borrowings [1]	10	6,016	2,853
Current tax liabilities		912	2,806
Provisions		9,979	11,730
Liabilities associated with assets held for sale		-	12,695
Total Current Liabilities		**88,980**	**107,049**
NON-CURRENT LIABILITIES			
Borrowings [1]	10	10,551	2,820
Provisions		10,469	4,596
Investment in Joint Venture		-	67
Total Non-Current Liabilities		**21,020**	**7,483**
TOTAL LIABILITIES		**110,000**	**114,532**
NET ASSETS		**31,340**	**35,934**
EQUITY			
Issued capital	7	100,320	98,894
Reserves		970	1,868
Accumulated losses		(77,002)	(74,032)
Profit Reserve	2	7,052	9,204
TOTAL EQUITY		**31,340**	**35,934**

[1] Current period balances include right of use assets / liabilities. Refer to Note 1.

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the Half-Year Ended 31 December 2019

		Consolidated Entity	
		Half Year Ended	
	Note	31 December 2019	31 December 2018
		$'000[1]	$'000[1]
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		296,845	320,455
Payments to suppliers and employees		(290,416)	(317,015)
Interest and other costs of finance paid		(380)	(355)
Income taxes paid		(566)	-
Net cash inflow from operating activities		**5,483**	**3,085**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		4	4
Proceeds from sale of assets held for sale		4,400	-
Payments related to assets previously held for sale		(4,415)	-
Payments for plant and equipment		(3,392)	(3,042)
Proceeds from sale of plant and equipment		181	397
Net cash outflow from investing activities		**(3,222)**	**(2,641)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	87
Proceeds from borrowings		1,751	1,936
Proceeds from repayment of executive loans		359	1
Repayment of borrowings		(2,100)	(1,475)
Payment of lease liabilities		(2,589)	(724)
Dividends paid		(1,623)	(873)
Net cash outflow from financing activities		**(4,202)**	**(1,048)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,941)	(604)
Cash and cash equivalents at the beginning of the period		21,941	12,670
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**20,000**	**12,066**

[1] The above Consolidated Statement of Cash Flows includes both continuing and discontinued operations.

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the Half-Year Ended 31 December 2019

		Consolidated Entity				
	Note	Issued capital $'000	Accumulated losses $'000	Profit Reserve (refer Note 2) $'000	Share-based payment reserve $'000	Total equity $'000
Balance at 1 July 2018		**97,562**	**(73,512)**	**11,150**	**1,568**	**36,768**
Profit for the period		-	-	2,656	-	2,656
Total comprehensive income for the period		-	-	2,656	-	2,656
Dividends paid	6	-	-	(2,118)	-	(2,118)
Share-based payment expense		-	-	-	-	-
Shares issued during period		1,332	-	-	-	1,332
Balance at 31 December 2018		**98,894**	**(73,512)**	**11,688**	**1,568**	**38,638**
Balance at 30 June 2019		**98,894**	**(74,032)**	**9,204**	**1,868**	**35,934**
Opening balance adjustment - application of AASB16	1 (d)	-	624	-	-	624
Balance at 1 July 2019		**98,894**	**(73,408)**	**9,204**	**1,868**	**36,558**
Result for the period		-	(3,594)	-	-	(3,594)
Total comprehensive income for the period		-	(3,594)	-	-	(3,594)
Dividends paid	6	528	-	(2,152)	-	(1,624)
Shares issued during period	7	898	-	-	(898)	-
Balance at 31 December 2019		**100,320**	**(77,002)**	**7,052**	**970**	**31,340**

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Note 1. Significant accounting policies

(a) Statement of compliance

The Half-Year Financial Report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The Half-Year Report does not include notes of the type normally included in an Annual Financial Report and should be read in conjunction with the most recent Annual Financial Report.

(b) Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Instrument amounts in the Directors' Report and the Half-Year Financial Report are rounded off to the nearest thousand dollars unless otherwise indicated.

The accounting policies and methods of computation adopted in preparation of the Half-Year Financial Report are consistent with those adopted and disclosed in the Company's 2019 Annual Financial Report for the financial year ended 30 June 2019, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(c) Significant accounting judgements, estimates and assumptions

In the application of the BSA Limited's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(d) New and amended accounting standards adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 July 2019.

AASB 16 Leases

In the current year, the Group has applied AASB 16 Leases on a modified retrospective basis which came into effect 1 July 2019. Details of the new requirements of AASB 16 as well as the impact on the Group's consolidated financial statements are described below.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for leases, excluding those that are classified as short-term leases or leases for low value assets, under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. Lessor accounting under AASB 16 is substantially unchanged from previous accounting under AASB 117 and has no material impact to the Group.

AASB 16 requires contracts that contain leases for terms of more than 12 months to be recognised as assets measured as the present value of the expected future lease payments under the lease and any associated end of lease costs (make good) or upfront incentives as well as a liability measured by the present value of future lease payments and interest implicit in the lease. Over the term of the lease, the lease asset is depreciated on a straight line basis over the term while the liability is reduced as payments are made and increased by applicable interest amounts. Prior to AASB16, operating lease payments were expensed without recognition of an asset or liability for the total amounts payable over the lease term.

The Group applied the practical expedient in AASB 16 Appendix paragraph C3 that enables the Group to grandfather previous assessments, such that only leases that are leases on date of transition on 1 January 2019 are required to be assessed as a lease under AASB 16. The Group also applied a practical expedient for short term leases with an aggregate expense of $43,000 recognised in the period.

Note 1. Significant accounting policies (cont'd)

(d) New and amended accounting standards adopted by the Group (cont'd)

Impact on application

The Group has applied AASB 16, using the modified retrospective approach, with the cumulative effect of initially applying the standard adjusted in the opening balance of equity and comparative figures are therefore not restated. The opening equity adjustment due to the application of the new standard is analysed by financial statement line item below.

	As reported 30 June 2019 $'000	AASB 16 Transition Adjustments $'000	Opening Balance 1 July 2019 $'000
Impact on assets and equity at 1 July 2019:			
Property, plant and equipment (leased assets)	4,127	7,962	12,089
Deferred tax assets	8,982	28	9,010
Total net assets impact	**13,109**	**7,990**	**21,099**
Borrowings - lease liabilities	3,907	8,399	12,306
Provisions - lease incentives	1,033	(1,033)	-
Total liabilties impact	**4,940**	**7,366**	**12,306**
Accumulated losses	(74,032)	624	(73,408)
Total equity impact	**(74,032)**	**624**	**(73,408)**

Impact on the condensed interim consolidated statement of profit and loss

Had AASB 16 Leases not been applied and the financial statements were still produced under previous guidance, AASB 116 Leases and related interpretations, the financial report for the half year ended 31 December 2019 would have been impacted as follows:

• the condensed statement of financial position as at 31 December 2019 would be impacted by reversing $8.0 million of transition adjustments to total assets and $7.4 million to total liabilities;
• the effect on depreciation, interest and occupancy expenses for the 6 months to 31 December 2019 would be $2.1 million, $0.3 million and $(2.4) million, respectively; and
• the effect on both basic earnings per share and diluted earnings per share was insignifcant.

Right of Use Liabilities

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 July 2019. The Group's weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 5.5%.

	1 July 19 $'000
Operating lease commitments as at 30 June 2019	9,516
Discounted using Group's incremental borrowing rate at date of initial application	8,442
Add: finance leases recognised as at 30 June 2019	3,907
Less: short-term lease recognised on straight-line basis as expense	(43)
Lease liability recognised as at 1 July 2019	**12,306**

Of which were:	31 Dec 19 $'000	1 July 19 $'000
Current lease liabilities	4,600	2,403
Non current lease liabilities	10,551	9,903
	15,151	**12,306**

Right of Use Assets

The recognised right-of-use assets relate to the following types of assets:

	31 Dec 19 $'000	1 July 19 $'000
Properties	8,380	6,113
Motor vehicles	5,645	5,976
Total right-of-use assets	**14,025**	**12,089**

Note 1. Significant accounting policies (cont'd)

(d) New and amended accounting standards adopted by the Group (cont'd)

Practical expedients

The Group has used the following practical expedients as permitted under AASB 16:

- the use of a single discount rate to a portfolio of leases with similar characteristics;
- previous assessments on whether leases are onerous were relied upon;
- initial direct costs excluded in the measurement of the right-of-use asset on date of initial application; and
- operating leases with remaining lease terms of less than 12 months expensed as short term leases;

The Group also elected not to reassess whether a contract is, or contains a lease at the date of initial application.
For contracts executed before 1 July 2019, the Group relied on its assessment made under AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Variable lease payments

No lease payments are based on variables that require estimation.

(e) Accounting policies newly applied

The following new or amended policies were applied in this half-year financial report:

Lease recognition

Contracts are assessed as containing a lease where right of control over identifiable assets over a period of time is conveyed in exchange for consideration. For such leases, the Group recognises a right-of-use asset and a right-of-use liability unless the lease is short term or of minor value where lease payments are recorded an an operating expense evenly over the lease.

The Group's lease portfolio is extensive with leases mainly for business premises, plant equipment and motor vehicles.

Presentation and measurement of right of use assets

Right of use assets recognised by the Group are presented within Property, Plant and Equipment along with owned assets by asset class. Initially, the right-of-use asset is measured with reference to the value determined for the associated right-of-use liability (refer below) less direct costs and any lease incentives. Expected end of lease costs such as make good are included in the right-of-use asset value determined at lease inception.

Thoughout the lease term (including extended terms where judged appropriate) right-of-use assets are depreciated and periodically assessed for

Presentation and measurement of right of use liabilities

Right of use liabilities recognised by the Group are presented within borrowings (current and non-current). Initially the right-of-use liability is measured as the present value of future lease payments discounted using an interest rate implicit in the lease or the Group's incremental borrowing rate. Future lease payments of leases may be influenced by lease incentives, incremental increases during the lease term, extension options (where reasonably certain that will occur) and residual value guarantees expected to be paid.

Over the lease term, payments made reduce the right-of-use liability balance while applicable interest is recognised monthly as interest expense and increases the liability balance.

Remeasurement of the right of use liabilities occurs when substantive elements of the lease change such as changes to the lease term or variation to amounts payable unedr the lease.

(f) New accounting standards not yet adopted

Other than the adoption of AASB 16 Leases, no new standards or amendments to accounting standard applicable to reporting periods commencing after 1 July 2019 are expected to have a significant impact on the Group's consolidated financial statements.

Note 2. Profit Reserve

	31 December 2019 $'000	31 December 2018 $'000
Movements in profit reserve were as follows:		
Balance at beginning of period	9,204	11,150
Net profit for the period	-	2,656
Dividend distribution (refer to Note 6)	(2,152)	(2,118)
Balance at end of reporting period	**7,052**	**11,688**

Note 3. Segment Information

(a) AASB 8 Operating Segments

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Products and services from which reportable segments derive their revenues

Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance is more specifically focused on the category of customer for each type of service. The Group's reportable segments under AASB 8 are therefore as follows:

BSA | Connect

BSA | Connect provides contracting services to the telecommunications, subscription television, communication, energy (smart metering) and solar industries. The contracting services includes the delivery of bundled services over fixed line multi-technology services and networks and the installation of subscription television.

BSA | Fire Build

BSA | Fire Build provides the design, installation and construction of fire building services for commercial and industrial buildings.

BSA | Maintain

BSA | Maintain provides the maintenance of building services for commercial and industrial buildings including, mechanical services, air conditioning, heating and ventilation, refrigeration, fire, electrical and general building services.

Other

Interest income that is not allocated to the operating segments.

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

	Revenue Half-Year Ended		Segment Profit Half-Year Ended	
	31 Dec 19 $'000	**31 Dec 18 $'000**	**31 Dec 19 $'000**	**31 Dec 18 $'000**
Continuing Operations				
BSA | Connect	150,777	117,663	11,654	8,638
BSA | Fire Build	48,505	31,105	3,906	2,299
BSA | Maintain	59,607	49,740	915	1,838
Corporate			(3,664)	(3,497)
Other	-	4	-	-
Revenue and Segment EBITDA results	258,889	198,512	12,811	9,278
Depreciation and amortisation			(5,149)	(3,094)
Earnings before interest and tax			7,662	6,184
Finance costs			(683)	(349)
Profit before tax from continuing operations			6,979	5,835
Income tax expense - continuing operations			(2,320)	(1,806)
Profit after tax from continuing operations			**4,659**	**4,029**

Note 4. Discontinued operations

BSA | Build | HVAC

On 13 August 2019 BSA outlined to the ASX it had agreed to sell the New South Wales and Victorian divisions of its HVAC Build business to Fredon Air Pty Limited (Fredon). In addition BSA noted the wind down of operations where it retained lump sum contractor risk except for the:

- HVAC Build Minor Projects Business, which will be retained in its entirety and operated within BSA's Maintain Division going forward, and
- Fire Build Business, which is being strategically retained as a profitable and high growth service offering.

BSA disclosed the operations which were either due to be sold or wound-down as discontinued operations in its 30 June 2019 financial report. The completion of the sale of the operations to Fredon was announced to the ASX on 2 September 2019 and other operations with lump sum contract risk continue to be wound-down over the current financial period. The discontinued operations recorded in the period ended 31 December 2019 are as follows:

	Half-Year Ended	
	31 December 2019	**31 December 2018**
	$'000	**$'000**
Analysis of loss for the period from discontinued operations		
BSA | Build | HVAC		
Revenue	2,739	84,624
Expenses	(10,159)	(86,586)
Loss on disposal	(2,488)	-
Loss before tax	(9,908)	(1,962)
Income tax benefit	1,655	589
Loss for the period from discontinued operations	**(8,253)**	**(1,373)**
Cash flows from / (used in) discontinued operations		
BSA | Build | HVAC		
Net cash outflow from operating activities	(329)	(532)
Net cash inflow from investing activities	(15)	(73)
Net cash outflow from financing activities	-	(24)
	(344)	**(629)**

Note 5. Earnings per share

(a) Profit/(loss) for the period attributable to shareholders of the parent entity used in earnings per share (EPS)		
Continuing operations	4,659	4,029
Discontinued operations	(8,253)	(1,373)
	(3,594)	**2,656**
	Number	**Number**
(b) Weighted average number of ordinary shares outstanding during the period used in calculating basis EPS	429,837,512	424,930,596
Weighted average number of options / rights outstanding	1,811,097	1,737,155
Weighted average number of ordinary shares during the period used in calculating diluted EPS	**431,648,609**	**426,667,751**
	Cents	**Cents**
(c) Basic earnings per share		
Continuing operations	1.084	0.948
Discontinued operations	(1.920)	(0.323)
	(0.836)	**0.625**
(d) Diluted earnings per share		
Continuing operations	1.079	0.944
Discontinued operations	(1.912)	(0.322)
	(0.833)	**0.622**

Note 6. Dividends

	Half-Year Ended	
	31 December 2019 $'000	31 December 2018 $'000
Ordinary Shares		
Dividends distributed during the half-year	**2,152**	**2,118**

Final FY19 dividend distributed on 4 November 2019 was 0.5 cents per share fully franked at a tax rate of 30%. The Board will consider a final dividend for FY20 following the full year results.

The Group has a Dividend Reinvestment Plan (DRP) in place. The DRP was in place for the distribution made in November 2019. The distribution resulted in $1.623 million being paid in cash and $0.528 million being raised by the DRP through the issue of 1.230 million securities at $0.43 in November 2019.

Dividends declared for the half-year		
The Directors have declared the payment of an interim dividend of 0.5 cents per fully paid ordinary share, fully franked at 30%, for the current half-year.	**2,158**	**Nil**

Note 7. Issued Capital

	Half-Year Ended	
	31 December 2019 Number of Shares	31 December 2018 Number of Shares
Ordinary shares - fully paid	431,653,486	428,241,404

Movement on ordinary share capital

Date	Details	Number of Shares	$'000
1 July 2019	Opening Balance	428,241,404	98,894
2 September 2019	Exercise of Performance Rights	553,301	208
26 September 2019	Exercise of Performance Rights	1,259,524	535
3 October 2019	Exercise of Performance Rights	368,868	155
4 November 2019	Dividend Reinvestment Plan	1,230,389	528
31 December 2019		**431,653,486**	**100,320**

Note 8. Subsequent Events

On 25 February 2020, the Director's declared a dividend of 0.50 cents per fully paid ordinary share. No other significant events have occurred since the end of the reporting period.

Note 9. Key Management Personnel

Remuneration arrangements of key management personnel are disclosed in the Annual Report for the period ended 30 June 2019.

Note 10. Financing Facilities

The following facilities were available at balance date:

	Consolidated	
	31 December 2019	30 June 2019
	$'000	$'000
Corporate Market Loan (a)		
Corporate Market Loan (a)	20,000	20,000
Debtor Finance Facility (b)	12,500	12,500
Equipment Finance Facility (a)	8,000	8,000
Right of use liabilities	11,693	-
Other	1,416	1,766
	53,609	**42,266**
Used at balance date		
Corporate Market Loan (a)	-	-
Debtor Finance Facility (b)	-	-
Equipment Finance Facility (a)	3,458	3,907
Right of of use liabilities	11,693	-
Other	1,416	1,766
	16,567	**5,673**
Unused at balance date		
Corporate Market Loan (a)	20,000	20,000
Debtor Finance Facility (b)	12,500	12,500
Equipment Finance Facility (a)	4,542	4,093
Right of of use liabilities	-	-
Other	-	-
	37,042	**36,593**

(a) In addition to the above arrangements the consolidated entity has a bank guarantee facility of $26,500,000 (June 2019: $26,500,000) which was utilised to $17,580,000 (June 2019: $18,440,000). These banking facilities have an expiry date of 31st December 2020. The Group is in compliance with all Bank Covenants.

(b) This facility has an expiry date of 31 July 2020.

(c) In addition to the above arrangements the consolidated entity has a surety bond facility with Swiss Re International SE of $30,000,000 (June 2019: $30,000,000) which was utilised to $25,498,000 (June 2019: $19,969,000). This annual facility currently expires on 1 May 2020 and discussions have commenced on an extension to this facility.

Note 11. Contingent Liabilities

(i) Guarantees established in favour of National Australia Bank Limited and Swiss Re International SE for guarantees issued to various clients for satisfactory contract performance, secured by cross guarantees from all wholly owned group members amounting to $43,078,000 (June 2019: $38,409,000).

(ii) Following the settlement of the NSW OSR issue, BSA is currently working with other State Revenue Authorities on outstanding matters.

(iii) Certain claims, including those arising out of construction contracts, have been made by, or against, controlled entities in the ordinary course of business. The Directors do not consider the outcome of any of these claims will be materially different to the position taken in the financial accounts of the Group.

Declaration by Directors

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the Directors' opinion, the attached Financial Statements and Notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors

Michael Givoni	Nicholas Yates
Chairman	Managing Director & Chief Executive Officer

25 February 2020

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Independent Auditor's Review Report to the Members of BSA Limited

We have reviewed the accompanying half-year financial report of BSA Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2019, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration of the consolidated entity comprising the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 9 to 20.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of BSA Limited's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BSA Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of BSA Limited, would be in the same terms if given to the Directors as at the time of this auditor's review report.

Deloitte.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BSA Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

AG Collinson
Partner
Chartered Accountants
Sydney, 25 February 2020

CORPORATE DIRECTORY

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